

Message Text

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ACTION NEA-12

INFO OCT-01 AF-10 ADP-00 CIAE-00 DODE-00 PM-07 H-02 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-12

AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 INT-08 RSR-01

/178 W

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R 241120 Z MAY 73

FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 6600

INFO AMEMBASSY TRIPOLI

USINT CAIRO

C O N F I D E N T I A L KHARTOUM 1170

E. O. 11652: GDS

TAGS: ECON, PINT, SU

SUBJ: CUTBACK IN SUGAR PRICE ; NIMAIRI TEMPORARILY RESIGNS

REF: KHARTOUM 1155

1. SUMMARY: CONFRONTATION BETWEEN REGIME AND PUBLIC DISCONTENT OVER ISSUE PRICE INCREASES (REFTEL) REACHED DRAMATIC CLIMAX YESTERDAY WHEN PRES NAMAIRI RESIGNED IN FACE CRITICISM AND DEMANDS THAT INCREASES BE RESCINDED. " PUBLIC OUTPOURING" QUICKLY PERSUADED PRES CHANGE HIS MIND, HOWEVER, AND THIS SHORTLY FOLLOWED BY GOS ANNOUNCEMENT THAT SUGAR PRICE CUT BACK TO 8 PIASTERS (PT) OR ONLY ONE PT OVER OLD PRICE. CUTBACK PLOY HAD BEEN ANTICIPATED. RESIGNATION, WHICH CAME AS SURPRISE, MAY HAVE BEEN CALCULATED MOVE OR VISCERAL REACTION IN FACE PREVIOUSLY UNDER- ESTIMATED DEGREE OF DISCONTENT. IN EITHER EVENT, NIMAIRI APPEARS, AT LEAST TO A DEGREE, TO HAVE REFUSED WHILE RETAINING HARDCORE INCREASES REQUIRED FOR ECONOMIC REASONS. HOWEVER, BELIEF MATTER COULD HAVE BEEN HANDLED BETTER LIKELY REMAIN POINT OF CRITICISM AGAINST REGIME, AND GOS STILL
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FACED WITH PROBLEM HOLDING DOWN COST OF LIVING UPWARD SPIRAL WHICH CLEARLY FURTHER STIMULATED BY PRICE INCREASES. END SUMMARY.

2. NIMAIRI MEETS WITH PEOPLE'S REPS - CONFRONTATION BETWEEN GOS, AND NIMAIRI IN PARTICULAR, AND PUBLIC SENTIMENT IN OPPOSITION TO PRICE INCREASES (REFTEL) REACHED CLIMAX MORNING MAY 23 WHEN NIMAIRI MET WITH REPRESENTATIVES OF SSU AND POPULAR ORGANIZATIONS TO DISCUSS ISSUES INVOLVED. MEETING FOLLOWED PRESENTATION PREVIOUS DAY OF PETITION FROM THESE ORGANIZATIONS DEMANDING (A) RESIGNATION MINFIN ECON IBRAHIM MONEIM MANSOUR, AS ARCHITECT PRICE MEASURES, AND (B) CANCELLATION OF INCREASES. CRITICISM FHOY PUBLIC REPS FRANK, SHARP AND UNANIMOUS CONCENTRATING IN PARTICULAR ON INCREASE IN PRICE OF SUGAR WHICH HITS EVERY SUDANESE. REPS CALLED ON NIMAIRI TO RESCIND INCREASES. PRESIDENT RESPONDED ENERGETICALLY, POINTING OUT NECESSITY OF INCREASES IN TERMS DEVELOPMENT OF COUNTRY AND STATING HE COUNTING ON PEOPLE TO SACRIFICE TOWARD THIS END. UNDER CONTINUING PRESSURE, PRESIDENT EVENTUALLY STATED HIS REGIME NOT DICTATORSHIP; IF PEOPLE DEMANDED INCREASES BE RESCINDED SO BE IT, BUT HE WOULD ALSO RESIGN. NIMAIRI THEN LEFT MEETING.

3. RESPONDS TO POPULAR CALL: NIMAIRI'S ACTION THREW GROUPS INTO CONFUSION AND LED, AS PRESS REPORTS IT, TO " SPIRIT OF GRIEF AND SADNESS" AND SUBSEQUENTLY TO PUBLIC DEMONSTRATIONS AT SSU HEADQUARTERS APPEALING TO PRESIDENT TO CONTINUE. NIMAIRI RESPONDED FIRST BY SENDING REP TO MEETING TO ANNOUNCE (A) HE PREPARED CUTBACK SUGAR PRICE TO 8 PT., OR ONLY ONE PT. INSTEAD OF 3 OVER OLD PRICE AND (B) THAT GOS HAD ALREADY DECIDED IN PREPARING NEW BUDGET TO ESTABLISH MINIMUM WAGE TO LS 15 (PREVIOUSLY NO LEGAL MINIMUM EXISTED, BUT WAGES IN RANGE LS 10-13 NOT UNUSUAL) WHICH WOULD ASSIST POOREST CLASS WHERE PRICE INCREASES HIT HARDEST. THESE CONCESSIONS SOMEWHAT MOLLIFIED PUBLIC REPS. NIMAIRI THEN RESPONDED TO " POPULAR APPEAL" AND WITHDREW RESIGNATION DECREASE IN SUGAR PRICE SUBSEQUENTLY ANNOUNCED ON RADIO AND LAST EVENING POPULAR DEMONSTRATION HELD AT SSU HEADQUARTERS CELEBRATING THESE EVENTS.

4. COMMENT: ROLLBACK IN SUGAR PRICE WAS NOT UNEXPECTED (REFTEL) AND SHOULD EASE PUBLIC DISCONTENT. INTERESTINGLY, HOWEVER, RUMOR-- PRESUMABLY STARTED BY REGIME OPPONENTS-- WAS CIRCULATING CONFIDENTIAL

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IN TOWN PRIOR TO ANNOUNCEMENT OF CUTS TO EFFECT NIMAIRI PLANNED REDUCE PRICE OF SUGAR TO 6 PT, I. E., NET DECREASE FROM OLD 7 PT FIGURE. TO EXTENT THIS RUMOR BELIEVED, RATHER THAN BEING HAPPY WITH DECREASE, PEOPLE MAY RESENT FACT IT NOT GREATER. HENCE WHAT APPEARS TO HAVE BEEN GOS PLOY TO GAIN PUBLIC APPROVAL OF ONE PT INCREASE MAY NOT HAVE BEEN AS SUCCESSFUL AS HOPED.

5. NIMAIRI'S RESIGNATION WAS UNEXPECTED DEVELOPMENT. ONE SUDANESE OBSERVER, PRESENT AT PUBLIC MEETING, STATES NIMAIRI APPEARED GENUINE IN HIS STATEMENT AND IN HIS SENSE OF HURT THAT PUBLIC NOT ACCEPTING HIS LEADERSHIP. SUCH PRECIPITOUS AND EMOTIONAL ACT IS, MOREOVER, CONSISTENT WITH PRESIDENT'S CHARACTER. ON OTHER HAND, SUBSEQUENT PUBLIC "OUTPOURING" CARRIES STRONGOYBWAGED AFFAIR ANDNYRC NOT APPEAR NIMAIRI NEEDED MUCH PERSUASION TO RECONSIDER. IN EITHER EVENT, (A) ACTION CARRIED OBVIOUS ELEMENTS OF RISK AND WAS PRESUMABLY TAKEN ONLY BECAUSE NIMAIRI BELIEVED DRAMATIC GESTURE WAS REQUIRED TO DEAL WITH UNEXPECTEDLY STRONG PUBLIC DISCONTENT AND, (B) GOS, AFTER THE FACT, HAS USED EVENT TO BEST ADVANTAGE TO RALLY PEOPLE TO REGIME. IN ADDITION RALLY LAST NIGHT, PRESS TODAY GIVES FULL PLAY TO NIMAIRI ACTIONS AND INCLUDES EMOTIONAL "BEFORE AND AFTER" PHOTOS OF PUBLIC GRIEF FOLLOWED BY GREAT HAPPINESS WHEN PRESIDENT RECONSIDERED.

6. AFTERMATH: IT STILL EARLY ASSESS HOW GOS HAS COME OUT OF LAST FEW DAYS' S EVENTS. CERTAINLY NEEDED ECONOMIC MEASURES HAVE BEEN TAKEN, AND FINAL SUGAR PRICE IS PROBABLY TARGET GOS AIMING FOR IN FIRST PLACE. IT ALSO TRUE THAT SITUATION MARKEDLY IMPROVED OVER WHAT IT WOULD HAVE BEEN HAD NIMAIRI NOT ACTED AS HE DID YESTERDAY. AS MOST IMMEDIATE RESULT, THREAT OF BOYCOTT OF MAY 25 CELEBRATIONS AND OF POSSIBLE GENERAL STRIKE APPEARS AVERTED. BUT PUBLIC DISCONTENT WITH RISING PRICES, HIGHLIGHTED BY LATEST DECISIONS, REMAINS. TO EXTENT MOST RECENT INCREASES-- PARTICULARLY PETROLEUM PRODUCTS-- WILL RESULT IN ACROSS- THE- BOARD RISE IN COST OF LIVING, THIS DISCONTENT WILL GROW AND GOS REMAINS FACED WITH BASIC PROBLEM. MOREOVER, MANY OF MORE SOPHISTICATED GROUPS, WHO CAN ACCEPT NEED FOR INCREASES, STILL FEEL REGIME HANDLED SITUATION BADLY FURTHERING THEIR DISENCHANTMENT AND BASIC UNHAPPINESS WITH WAY THINGS GOING. ALL IN ALL, IT WAS NOT RESOUNDING VICTORY FOR NIMAIRI ON EVE REGIME'S FOURTH ANNIVERSARY.

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